

REVISED REPORT OF THE FINANCE SUBCOMMITTEE ON PENSION

June 19, 2013

The Honorable,
The Board of Commissioners of Cook County

SECTION 1

ATTENDANCE

Present: Chairman Gainer, Vice Chairman Goslin, Murphy, Schneider, Steele, Suffredin and Tobolski (7)

Absent: None

Also Present: Commissioner Collins, Fritchey and Gorman; Patrick Driscoll, Jr. – Deputy State's Attorney and Chief, Civil Actions Bureau; Nicole Hackett – Executive Director, Cook County Pension Fund; John Jingle – Segal Co.

Ladies and Gentlemen:

Your Finance Subcommittee on Pension of the Board of Commissioners of Cook County met pursuant to notice on Wednesday, June 19, 2013 at the hour of 9:00 A.M. in the Board Room, Room 569, County Building, 118 North Clark Street, Chicago, Illinois.

Your Committee has considered the following items and, upon adoption of this report, the recommendations are as follows:

313151 RESOLUTION TO DISCUSS THE POSSIBLE IMPLICATIONS OF PENSION REFORM LEGISLATION THAT MAY BE DISCUSSED BY THE ILLINOIS GENERAL ASSEMBLY (PROPOSED RESOLUTION). Submitting a Proposed Resolution sponsored by Bridget Gainer, County Commissioner.

PROPOSED RESOLUTION

TO DISCUSS THE POSSIBLE IMPLICATIONS OF PENSION REFORM LEGISLATION THAT MAY BE DISCUSSED BY THE ILLINOIS GENERAL ASSEMBLY

WHEREAS, it is the request of the Cook County Finance Subcommittee on Pension to call a meeting to discuss the possible implications of pension reform legislation that may be discussed by the General Assembly this Fall; and

WHEREAS, it is the request of the Cook County Finance Subcommittee on Pension to call a committee meeting to hear from Cook County Employees regarding the possible changes to the Cook County and Forest Preserve Pension Funds that may be discussed by the General Assembly this Fall; and

WHEREAS, the Cook County Pension Fund has seen an overall fall in its funded status

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over the past 10 years from 88.8% to its most recent valuation of 60.7% in 2010; and **WHEREAS**, during the January 19, 2011 committee meeting, the Pension Fund's actuary preformed 30-year funding projections for the Cook County Employees' Annuity and Benefit fund which took into account projected benefits, payments, contributions, assets and actuarial liabilities in order to attain the possible options that would increase the funded ratio to 80% at the end of 30 years; and

WHEREAS, the response from the actuary included multiple options to increase the funded ratio for the Cook County Employees' Annuity and Benefit fund.

NOW, THEREFORE, BE IT RESOLVED, the Cook County Finance Subcommittee on Pension shall hold meetings for the purpose of discussing the possible changes to the Cook County and Forest Preserve Pension Funds; and

BE IT FURTHER RESOVLED, the Cook County Finance Subcommittee on Pension shall hold meetings for the purpose of discussing the possible options to increase the funded status of the Cook County and Forest Preserve Pension Funds.

***Referred to the Subcommittee on Pension on 06-14-11.**

***Deferred to the Subcommittee on Pension on 06-29-11.**

***Deferred to the Subcommittee on Pension on 09-20-11.**

***Deferred to the Subcommittee on Pension on 12-04-12.**

Commissioner Suffredin, seconded by Commissioner Murphy, moved to Approve Communication No. 313151. The motion was rescinded by Commissioner Suffredin and Commissioner Murphy, and no action was taken.

323391 TO DISCUSS THE FISCAL YEAR 2012 ACTUARIAL VALUATION REPORTS FOR THE COOK COUNTY AND FOREST PRESERVE EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUNDS (PROPOSED RESOLUTION). Submitting a Proposed Resolution sponsored by Bridget Gainer and Joan Patricia Murphy, County Commissioners.

**TO DISCUSS THE FISCAL YEAR 2012 ACTUARIAL VALUATION REPORTS
FOR THE COOK COUNTY AND FOREST PRESERVE EMPLOYEES' AND
OFFICERS' ANNUITY AND BENEFIT FUNDS**

WHEREAS, Actuarial valuations were recently released for the Cook County Employees' Annuity and Benefit Fund and the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County as of December 31, 2012; and

WHEREAS, the reports highlight that the funded status of the Cook County Pension Fund has fallen to 53.5%, a 3.8% decrease from last year's funded status of 57.5% and the funded status of the Forest Preserve Pension Fund has fallen to 56.7%, a decrease of 4.9% from last year's funded status of 61.6%; and

WHEREAS, the unfunded liabilities of the Cook County Pension Fund grew to \$6.79 billion, an increase of \$969.5 million from 2011 and an increase of \$1.6 billion since 2010. The unfunded liabilities of the Forest Preserve Pension Fund increased to \$131.9 million, an increase of \$20.7 million from 2011; and

WHEREAS, the 2013 Annual Required Contribution (ARC) for the Cook County Pension Fund is \$719.9 million, or 48.7% of pay and the amount by which contributions are expected to fall short of the ARC increased by over \$66.8 million to \$529 million; and

WHEREAS, the updated 30-year funding projection calculates that the Cook County Pension Fund will be insolvent by 2034 - 21 years and the Forest Preserve Pension Fund will be insolvent by 2031- 18 years; and

WHEREAS, the Fund's Actuary has recommended that a funding policy be legislated that is sufficient to pay the Normal Costs of active plan members, plan expenses, and amortize the unfunded actuarial accrued liability over a period no longer than 30 years.

NOW, THEREFORE, BE IT RESOLVED, the Cook County Pension Sub Committee shall meet for the purpose of discussing the Actuarial valuation reports for the Cook County Employees' Annuity and Benefit Fund and the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County as of December 31, 2012.

***Referred to the Subcommittee on Pension on 05-29-13.**

Commissioner Steele, seconded by Commissioner Murphy, moved to Approve Communication No. 323391. The motion was rescinded by Commissioner Suffredin and Commissioner Murphy, and no action was taken.

Chairman Gainer requested that the "Cook County Pension Fund FY2012 Report" be entered into the Record.

John Jingle, Segal Co., stated that he would provide, through the Pension Fund Trustees, a memo on the Affordable Care Act.

Chairman Suffredin asked the Secretary to the Board to call upon the registered public speakers, in accordance with Cook County Code, Sec. 2-107(dd).

1. George Blakemore – Concerned Citizen

Chairman Gainer Recessed the Meeting to the Call of the Chair.

SECTION 2

**YOUR COMMITTEE RECOMMENDS THE FOLLOWING ACTION
WITH REGARD TO THE MATTER NAMED HEREIN:**

Communication Number 313151

Recommended

Communication Number 323391

Recommended

Respectfully submitted,
Committee on Pension

Bridget Gainer, Chairman

Attest:

Matthew B. DeLeon, Secretary

*A video recording of this meeting is available on the Office of the Secretary to the Board's website on the Video Page at <http://blog.cookcountyil.gov/secretarytotheboard/county-board-proceedings/county-board-video-and-audio/>.